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30 Services, LLC and Edward Steven Burdekin*

31 **UNITED STATES BANKRUPTCY COURT**

32 **FOR THE DISTRICT OF NEVADA**

33 In re:

34 NATIONAL MERCHANTISING SERVICES,  
35 LLC

36  Affects this Debtor.

37 Case No.: BK-19-15172-ABL  
38 Chapter 11

39 Jointly administered with:

40 Edward Steven Burdekin,  
41 Case No. BK-19-15175-ABL; and

42 National Store Retail Services, LLC,  
43 Case No. BK-19-15174-ABL

44  Affects all Debtors.

46  Affects Edward Steven Burdekin.

48  Affects National Store Retail Services,  
49 LLC.

50 Hearing Date: August 24, 2020  
51 Hearing Time: 9:30 a.m.

52 **DEBTORS' BRIEF IN SUPPORT OF PLAN CONFIRMATION**

1                   Debtors and debtors-in-possession National Merchandising Services, LLC, a Nevada  
 2 limited liability company (“NMS”), by and through its counsel, the law firm of Garman Turner  
 3 Gordon LLP, and National Store Retail Services, LLC (“NSRS”) and Edward Steven Burdekin  
 4 (“Burdekin” and collectively with NMS and NSRS, “Debtors”), by and through their counsel,  
 5 Wiggam & Geer, LLC and Andersen Law Firm, Ltd., hereby submit their brief (“Brief”) in support  
 6 of confirmation of *Debtors’ Amended Joint Plan of Reorganization* [ECF No. 104], filed on June  
 7 19, 2020 (the “Plan”).

8                   This Brief is made and based on the *Declaration of Edward Steven Burdekin in Support of*  
 9 *Plan Confirmation* (the “Burdekin Decl.”), the Plan, and the other papers and pleadings filed in  
 10 the dockets of the Chapter 11 Cases,<sup>1</sup> judicial notice of which is respectfully requested, the points  
 11 and authorities set forth below, and the argument of counsel at the time of the Confirmation  
 12 Hearing. If necessary, Debtors reserve the right to supplement this Brief with additional argument  
 13 and authorities.

14                   **MEMORANDUM OF POINTS AND AUTHORITIES**

15                   **I.**  
 16                   **JURISDICTION AND VENUE**

17                   1.       The Court has core subject matter jurisdiction to determine confirmation of the Plan  
 18 pursuant to 28 U.S.C. §§ 157(b)(2), including (b)(2)(A) and (L), and 1334, and Local Rule  
 19 1001(b)(1). Pursuant to Local Rule 9014.2, the Debtors consent to entry of final order(s) or  
 20 judgment(s) by the bankruptcy judge if it is determined that the judge, absent consent of the parties,  
 21 cannot enter final orders or judgments consistent with Article III of the United States Constitution.

22                   2.       Venue of the Debtors’ Chapter 11 Cases in this District is proper pursuant to 28  
 23 U.S.C. §§ 1408(1) and 1409(a).

24                   3.       The Debtors’ Chapter 11 Cases are jointly administered pursuant to Bankruptcy  
 25 Rule 1015(b). See ECF Nos. 27, 27 and 28.

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

4. The Debtors continue to operate their businesses and manage their affairs as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Debtors' Chapter 11 Cases.

## II. RELEVANT FACTS

## A. Background.

## 1. National Merchandising Services, LLC

8        5.      NMS executes business to business services to its clients primarily through  
9 merchandising, auditing, project assembly and other in-store or in-home work, which is provided  
10 by independent contractors provided by NSRS. NMS administers these services through local,  
11 regional, district and other personnel. NMS employs ten people. Besides Mr. Burdekin, NMS  
12 employs three coordinators, one daytime manager, one nighttime manager, a secretary, and three  
13 schedulers. See Burdekin Decl. at ¶4.

14        6.      NMS is owned by National Merchandising of America, Inc., a Georgia corporation  
15 (49%) and Spar NMS Holdings, Inc., a Nevada corporation. Id. at ¶ 5.

16        7.        NMS has two primarily clients, Advance Auto (representing about 17% of NMS  
17 business), and Dollar General (representing about 80% of NMS business). Id. at ¶ 6.

18       8.     Mr. Burdekin has been the President and Chief Executive Office of NMS since  
19     about the time it began engaging in this business in 2012, and Mr. Burdekin has operated NMS  
20     since that time. Id. at ¶ 7.

**2. National Store Retail Services, LLC**

22 9. NMS contracts field work to NSRS who in turn currently provides over 100 field  
23 workers to NMS customers. Id. at ¶ 8.

24 10. Mr. Burdekin own 100% of NSRS. Mr. Burdekin is also the sole manager, president  
25 and CEO of NSRS, and Mr. Burdekin has operated NSRS since its inception. NMS, NSRS and  
26 Mr. Burdekin are affiliates within the meaning of Section 101(2)(B) and (D). Id. at ¶ 9.

27        11.      The Debtors' businesses are interdependent, both financially and operationally. Mr.  
28      Burdekin is employed by and operates NMS. NMS's operations are dependent upon NSRS

1 providing field service workers to NMS customers. NSRS' revenue is dependent on NMS business  
 2 operations. Mr. Burdekin's income is derived from operating both NMS and NSRS. Id. at ¶ 10.

3 **3. Events Leading to the Filing of Chapter 11**

4 12. Prior to September 2018, National Resets and Remodels, LLC, a Georgia limited  
 5 liability company ("NRR") provided field workers to NMS customers much like NSRS does today.  
 6 Mr. Burdekin believes that NRR is 100% owned by Kortni Harley. Id. at ¶ 11.

7 13. On or about July 26, 2018, an economic dispute arose between NMS and NRR, and  
 8 NMS ceased doing business with NRR in about mid-September, 2018. Id. at ¶ 12.

9 14. On July 5 2019, Mr. Burdekin discovered that since at least Memorial Day 2019,  
 10 certain persons associated with NRR had stated their intention to others that they had determined  
 11 to take action to shut down NMS. Debtors believe this action was primarily in retaliation for  
 12 economic disputes between NRR and NMS, including the termination of the agreement between  
 13 NRR and NMS. Since May 2019, workers at NSRS have been hearing from these persons, and  
 14 more recently others, that NMS and NSRS were going to be shut down or run out of business and  
 15 that they should quit their jobs and find new work. Id. at ¶ 13.

16 15. As a result, NSRS was at risk of losing numerous workers, and replacing departing  
 17 workers with workers of similar quality and with similar experience would be difficult. Id. at ¶ 14.

18 16. As a result of not having enough workers, Dollar General cut a number of teams  
 19 from performing work. When asked by customers, Debtors had to advise them that not all work  
 20 requests could be performed. If NSRS had lost any additional workers, particularly in key  
 21 positions, it likely would have ended the operations of NMS and NSRS. Id. at ¶ 15.

22 17. The rumors noted above that circulated damaged morale and leadership at both  
 23 NSRS and NMS. Id. at ¶ 16.

24 18. Dollar General began inquiring about Debtors' business struggles and why  
 25 employees were applying for work directly with Dollar General. Id. at ¶ 17.

26 19. Mr. Burdekin learned that a core group was working to shut down NMS and NSRS  
 27 and telling others that they are planning to commence lawsuits against Debtors. Debtors did not  
 28 know whether such statements were true or frivolous, but as indicated above, they had a delirious

1 effect on NMS and NSRS leadership, morale and workforce. The threats also affected services  
 2 requested by NMS by its leading customers. Id. at ¶ 18.

3 20. The threats against Debtors were intertwined, and Debtors determined that any  
 4 claims arising from these disputes would be best resolved in a collective process. Id. at ¶ 19.

5 21. As a result of the foregoing, Debtors determined to seek protection under Chapter  
 6 11 to take advantage of a general bar date for the filing of all claims against the Debtors. Id. at  
 7 ¶ 20.

8           **4. Commencement of Chapter 11 Cases**

9 22. On August 10, 2019, NMS commenced a voluntary case in this Bankruptcy Court  
 10 under Chapter 11 of the Bankruptcy Code, Bankruptcy Case No, BK-S-19-15172-ABL, and  
 11 Burdekin and NSRS each commenced voluntary cases in this Bankruptcy Court under Chapter 11  
 12 of the Bankruptcy Code, Bankruptcy Case Nos. BK-S-19-15175-MKN and BK-S-19-15174-ABL,  
 13 respectively, the following day. Id. at ¶ 21.

14           **B. The Plan.**

15 23. The Plan provides for full payment of allowed claims on the Effective Date. See  
 16 Plan, Art. III; Burdekin Decl. at ¶ 22.

17 24. The Plan does not contemplate substantive consolidation of the Debtors, and,  
 18 except as otherwise provided in the Plan, each Estate will be treated separately and be responsible  
 19 solely for the claims against such Estate. See generally, Plan; Burdekin Decl. at ¶ 23.

20 25. The Debtors' creditors and interest holders are divided into twelve (12) classes in  
 21 the Plan. Classes 1, 2 and 3 consist of the holders of Secured Claims of NMS, NSRS and Burdekin,  
 22 respectively. Classes 4, 5 and 6 consist of the holders of Priority Claims of NMS, NSRS and  
 23 Burdekin, respectively. Classes 7, 8 and 9 consist of the holders of General Unsecured Claims of  
 24 NMS, NSRS and Burdekin, respectively. Classes 10, 11 and 12 consist of intercompany claims  
 25 of NMS, NSRS and Burdekin, respectively. Classes 13 and 14 consist of the holders of NMS and  
 26 NSRS Equity Interests, respectively. See Burdekin Decl. at ¶ 24.

27 26. All classes of Allowed Claims are unimpaired under the Plan. See Plan, Art. IV;  
 28 Burdekin Decl. at ¶ 25.

### III. LEGAL ANALYSIS

**A. The Burden of Proof for Plan Confirmation Is a Preponderance of the Evidence.**

A bankruptcy court may confirm a chapter 11 plan if the plan proponent proves by a preponderance of the evidence either: (1) that all applicable requirements of Section 1129(a) of the Bankruptcy Code have been met; or (2) if the only condition to confirmation that is not satisfied is section 1129(a)(8), that the plan satisfies the cramdown standards under section 1129(b); that is, that the plan does not discriminate unfairly against, and is fair and equitable with regard to, each impaired class that has not accepted the plan. See Zachary v. Cal. Bank & Trust (In re Zachary), 811 F.3d 1191, 1194 (9th Cir. 2016); Liberty Nat'l Enters. v. Ambanc LaMesa Ltd. P'ship (In re Ambanc LaMesa Ltd. P'ship), 115 F.3d 650, 653 (9th Cir. 1997) (preponderance of the evidence standard).

**B. The Plan Complies with the Bankruptcy Code.**

Section 1129(a)(1) of the Bankruptcy Code requires that a plan “[c]omply with the applicable provisions of [the Bankruptcy Code].” See 11 U.S.C. § 1129(a)(1). To determine plan compliance with Section 1129(a)(1), reference must be made to the requirements of Sections 1122 and 1123, which govern classification of claims and contents of plans, respectively. See In re G-I Holdings, Inc., 420 B.R. 216 (D.N.J. 2009); In re Journal Register Co., 407 B.R. 520, 531-32 (Bankr. S.D.N.Y. 2009); see also Kane v. Johns-Mansville Corp. (In re Johns-Mansville Corp.), 843 F.2d 636, 648-49 (2d Cir. 1988) (“applicable provisions” refers to provisions of Chapter 11 that concern the form and content of reorganization plans).

1. **Classification of Claims Complies With Section 1122 and 1123(a)(1).** Under Section 1122(a), “a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class.” Section 1122(a) requires only that claims must be “substantially similar” to be placed into the same class; thus, Section 1122(a) prohibits placing dissimilar claims together in the same class, but it does not prevent substantially similar claims from being placed into different classes. See Zante, Inc. v. Delgado (In re Zante, Inc.), 467 B.R. 216, 218 (D. Nev. 2012); see also Wells Fargo Bank, N.A.

1 v. Loop 76, LLC (In re Loop 76, LLC), 465 B.R. 525, 536-37 (B.A.P. 9th Cir. 2012), aff'd, 578 F.  
 2 App'x 644 (9th Cir. 2014). To determine whether claims are substantially similar, “bankruptcy  
 3 court judges must evaluate the nature of each claim, *i.e.*, the kind, species, or character of each  
 4 category of claims.” See In re Rexford Props., LLC, 558 B.R. 352, 361 (Bankr. C.D. Cal. 2016)  
 5 (quoting Steelcase, Inc. v. Johnston (In re Johnston), 21 F.3d 323, 327 (9th Cir. 1994)).

6 With the exception of Priority Tax Claims and Administrative Claims, including  
 7 Professional Fee Claims, which need not be classified, the Plan designates 14 classes of Claims  
 8 and Equity Securities in the Debtors. The classification scheme conforms to the requirements of  
 9 the Bankruptcy Code and separately classifies Claims and Equity Securities based on valid  
 10 business, factual, and legal reasons, such as the relative priority of claims under Section 507(a) of  
 11 the Bankruptcy Code and the nature of the claims. Accordingly, the Plan’s classification scheme  
 12 does not place any dissimilar claims within the same class and complies with Section 1122 of the  
 13 Bankruptcy Code.

14 Further, Article III of the Plan designates twelve (12) classes of claims and two (2) classes  
 15 of equity interests. Accordingly, the Plan satisfies Section 1123(a)(1) of the Bankruptcy Code.

16 **2. Unimpaired Classes Specified Under Section 1123(a)(2).** Article III of the Plan  
 17 specifies that all Classes of Claims are unimpaired under the Plan. Accordingly, the Plan satisfies  
 18 Section 1123(a)(2) of the Bankruptcy Code.

19 **3. Specified Treatment of Impaired Classes Under Section 1123(a)(3).** Because  
 20 the Plan specifies that all Classes of Claims are unimpaired under the Plan, Section 1123(a)(3) of  
 21 the Bankruptcy Code is not applicable, and therefore, the Plan complies with Section 1123(a)(3)  
 22 of the Bankruptcy Code.

23 **4. No Discriminatory Treatment Under Section 1123(a)(4).** As reflected in the  
 24 treatment of the Classes in Article IV of the Plan, the Plan provides the same treatment by the  
 25 Debtors for each Claim or Equity Security in each respective Class unless the holder has agreed to  
 26 less favorable treatment. Therefore, the Plan complies with the requirements of 11 U.S.C.  
 27 § 1123(a)(4).

1        **5. Adequate Means of Implementation of the Plan Under Section 1123(a)(5).** The  
 2 Plan complies with the requirements of section 1123(a)(5) of the Bankruptcy Code. The Plan  
 3 provides adequate and proper means for the implementation of the Plan, including, without  
 4 limitation, the appointment of a Disbursing Agent, the vesting of Assets in the Reorganized  
 5 Debtors, the funding of Effective Date distributions, the post-Effective Date management of NMS  
 6 and NSRS, and the effectuating of the transactions contemplated by the Plan, see Plan, Art. V,  
 7 along with procedures for resolving Claims, see Plan, Art. XII, and making distributions to Holders  
 8 of Allowed Claims, thereby satisfying 11 U.S.C. § 1123(a)(5). See Plan, Art. V (Means of  
 9 Implementation); §§ 12.1 (Filing of Objections to Claims), 12.7 (Providing for Claims Payments);  
 10 Art. VII (Manner of Distribution of Property Under this Plan).

11        **6. Prohibition on Issuance of Non-Voting Securities Under Section 1123(a)(6).**  
 12 The Plan provides for the full payment of all Allowed Claims, and Equity Interests are unimpaired.  
 13 The Debtors will not issue any securities and therefore, 11 U.S.C. § 1123(a)(6) is not applicable.

14        **7. Designation of Officers, Directors or Trustee Under Section 1123(a)(7).**  
 15 Section 5.5 of the Plan provides that upon the Effective Date, NMS and NSRS will continue to be  
 16 managed by Burdekin, which management may subsequently be modified to the extent provided  
 17 by Reorganized Debtors' articles of incorporation or organization, by-laws, and operating  
 18 agreement (as amended, supplemented, or modified). Accordingly, 11 U.S.C. § 1123(a)(7) is  
 19 satisfied.

20        **C. 11 U.S.C. § 1129(a)(2): Proponent Compliance with the Bankruptcy Code.**

21        Section 1129(a)(2) requires a plan proponent to comply with the applicable provisions of  
 22 the Bankruptcy Code, which encompasses the disclosure and solicitation requirements under  
 23 Section 1125 of the Bankruptcy Code. See In re Art & Architecture Books of the 21st Century,  
 24 No. 2:13-bk-14135-RK, 2016 WL 1118743, \*7-\*12 (Bankr. C.D. Cal. Mar. 18, 2016); In re Trans  
 25 World Airlines, Inc., 185 B.R. 302, 313 (Bankr. E.D. Mo. 1995). Because the Debtors are paying  
 26 all Allowed Claims in full and are not altering any Equity Securities, all classes are deemed to vote  
 27 in favor of the Plan. Accordingly, no solicitation is required and the Plan satisfies Section  
 28 1129(a)(2).

1 **D. 11 U.S.C. § 1129(a)(3): Good Faith and Not by Means Forbidden by Law.**

2 Section 1129(a)(3) does not define “good faith,” and good faith should be determined based  
 3 on the “totality of the circumstances” and on a “case-by-case basis, taking into account the  
 4 particular features of each . . . plan.” See Platinum Cap., Inc. v. Sylmar Plaza, L.P. (In re Sylmar  
 5 Plaza, L.P.), 314 F.3d 1070, 1074, 1075 (9th Cir. 2002) (citations omitted). As a general rule, a  
 6 Chapter 11 plan is proposed in good faith if it achieves “a result consistent with the objectives and  
 7 purposes” of the Bankruptcy Code and exhibits “fundamental fairness” in dealing with creditors.  
 8 See Marshall v. Marshall (In re Marshall), 721 F.3d 1032, 1046 (9th Cir. 2013); Jorgensen v. Fed.  
 9 Land Bank of Spokane (In re Jorgensen), 66 B.R. 104, 108-09 (B.A.P. 9th Cir. 1986). The totality  
 10 of the circumstances should be considered in determining good faith. See In re Stolrow’s Inc., 84  
 11 B.R. 167, 172 (B.A.P. 9th Cir. 1988).

12 The Plan pays all Allowed Claims in full on the Effective Date of the Plan, or as otherwise  
 13 agreed with a particular creditor, with cash generated from the Debtors’ operations. Accordingly,  
 14 the Plan as filed achieves results consistent with the objectives and purposes of the Bankruptcy  
 15 Code, including, among other things, “to satisfy creditors’ claims,” United States v. Whiting Pools,  
 16 Inc., 462 U.S. 198, 203 (1983). Therefore, the Plan satisfies 11 U.S.C. § 1129(a)(3).

17 **E. 11 U.S.C. § 1129(a)(4): Payments for Services.**

18 Consistent with Section 1129(a)(4), the Plan provides that all pre-Effective Date fees and  
 19 expenses of professionals retained by the Estates, as well as all other accrued fees and expenses of  
 20 professionals through the Effective Date, remain subject to final review by the Court pursuant to  
 21 Section 330. See Plan § 2.4. The provision in the Plan for the Court’s review and ultimate  
 22 determination of the fees and expenses satisfies the objectives of Section 1129(a)(4). See In re  
 23 Elsinore Shore Assocs., 91 B.R. 238, 268 (Bankr. D.N.J. 1988) (holding that the requirements of  
 24 Section 1129(a)(4) were satisfied where the plan provided for payment of only “allowed”  
 25 administrative expenses). Therefore, the Plan satisfies 11 U.S.C. § 1124(a)(4).

26 **F. 11 U.S.C. § 1129(a)(5): Disclosure of Directors and Officers.**

27 Section 1129(a)(5) requires the proponent of the plan to disclose the identity of those  
 28 individuals who will serve as management of the reorganized debtor and why such continuance of

1 such management is in the best interests of creditors, holders and equity interest and public policy.  
 2 See 11 U.S.C. § 1129(a)(5). As indicated above, Section 5.5 of the Plan provides that upon the  
 3 Effective Date, NMS and NSRS will continue to be managed by Burdekin, which management  
 4 may subsequently be modified to the extent provided by Reorganized Debtors' articles of  
 5 incorporation or organization, by-laws, and operating agreement (as amended, supplemented, or  
 6 modified). Mr. Burdekin's continued management and operation of the Debtors is in the best  
 7 interests of creditors, holders and equity interest and public policy, as is demonstrated by his post-  
 8 petition operations of the Debtors and the full pay Plan presented to the Court. Moreover, Mr.  
 9 Burdekin's continued management of NMS and NSRS is permissible under Nevada and Georgia  
 10 law, respectively. Accordingly, 11 U.S.C. § 1123(a)(5) is satisfied.

11 **G. 11 U.S.C. § 1129(a)(7): Best Interests Test.**

12 Section 1129(a)(7) requires that a plan be in the best interests of creditors and interest  
 13 holders, and specifically, that each holder of an impaired claim has either accepted the plan, or  
 14 "will receive or retain under the plan on account of such claim or interest property of a value, as  
 15 of the effective date of the plan, that is not less than the amount that such holder would so receive  
 16 or retain if the debtor were liquidated under Chapter 7 of this title on such date." 11 U.S.C.  
 17 § 1129(a)(7)(A)(i) and (ii). In order to satisfy subsection (a)(7), the Court must find that each  
 18 dissenting creditor will receive or retain value, as of the effective date of the plan, that is not less  
 19 than the amount it would receive if the debtor were liquidated. See Drexel Burnham Lambert  
 20 Group, Inc., 138 B.R. 723, 761 (Bankr. S.D.N.Y. 1992).

21 In this case, there are no impaired Classes of Creditors, all Creditors are deemed to have  
 22 voted in favor of the Plan, and all Allowed Claims will be paid in full on the Effective Date.  
 23 Therefore, the Plan satisfies Section 1129(a)(7).

24 **H. 11 U.S.C. § 1129(a)(8): Acceptance or Rejection by Certain Classes.**

25 Section 1129(a)(8) requires that each class of claims and interests either has accepted a  
 26 plan or is not impaired under a plan. See 11 U.S.C. § 1129(a)(8). Whether a class of claims is  
 27 impaired is governed by Section 1124, and whether a class of claims has accepted a plan is  
 28 determined by reference to Section 1126. See 11 U.S.C. §§ 1124 and 1126. Here, no holders of

1 Claims or Equity Securities are impaired under the Plan, and all classes are deemed to have  
 2 accepted the Plan under Section 1126. Therefore, 11 U.S.C. § 1129(a)(8) has been satisfied.

3 **I. 11 U.S.C. § 1129(a)(9): Priority Claims.**

4 In accordance with Sections 1129(a)(9)(A), (B), and (C) of the Bankruptcy Code, §§ 2.2  
 5 and 2.3 of the Plan provide for the full payment of Allowed Administrative Claims, including  
 6 Professional Fees, and Allowed Priority Tax Claims, and §§ 4.3, 4.4 and 4.5 of the Plan provide  
 7 for payment of all Allowed Priority Unsecured Claims. As such, the Plan satisfies the requirements  
 8 of 11 U.S.C. § 1129(a)(9).

9 **J. 11 U.S.C. § 1129(a)(10): One Consenting Impaired Class.**

10 Section 1129(a)(10) requires that “[i]f a class of claims is impaired under the plan, at least  
 11 one class of claims that is impaired under the plan has accepted the plan, determined without  
 12 including any acceptance of the plan by an insider.” 11 U.S.C. § 1129(a)(10). Here, there is no  
 13 class of claims that is impaired under the Plan and, therefore, Section 1129(a)(10) does not apply.

14 **K. 11 U.S.C. § 1129(a)(11): Feasibility.**

15 Section 1129(a)(11) requires that a proposed plan be feasible. Specifically, Debtors must  
 16 establish that “[c]onfirmation of the plan is not likely to be followed by the liquidation, or the need  
 17 for further financial reorganization, of the debtor or any successor to the debtor under the plan,  
 18 unless such liquidation or reorganization is proposed in the plan.” 11 U.S.C. § 1129(a)(11). Here,  
 19 the Debtor has cash on hand to pay all Allowed Claims on the Effective Date of the Plan.  
 20 Therefore, the Plan is feasible and Section 1129(a)(11) has been satisfied.

21 **L. 11 U.S.C. § 1129(a)(12): U.S. Trustee’s Fees Paid.**

22 Section 1129(a)(12) requires that all fees payable under 28 U.S.C. § 1930, as determined  
 23 by the Court at the Confirmation Hearing, be paid or provided for in the Plan. Under § 12.13 of  
 24 the Plan, the Debtors, prior to the Effective Date, and the Reorganized Debtors, after the Effective  
 25 Date shall be responsible for payment of all fees payable to the Office of the U.S. Trustee pursuant  
 26 to the sliding scale set forth in 28 U.S.C. § 1930(a)(6), and the applicable provisions of the  
 27 Bankruptcy Code and Bankruptcy Rules. The Debtors have the cash necessary to pay and will pay  
 28 U.S. Trustee Fees. Accordingly, Section 1129(a)(12) has been satisfied.

1 **M. 11 U.S.C. §§ 1129(a)(6) and (a)(13) – (a)(16): Miscellaneous Inapplicable Provisions.**

2 Subsections (a)(6) (regulatory approval of rates), (a)(13) (retiree benefits), (a)(14)  
 3 (domestic support obligations), (a)(15) (applicable to individuals if the holder of an allowed  
 4 unsecured claim objects to the plan), and (a)(16) (charitable organizations) are inapplicable to the  
 5 Debtors.

6 **N. If Necessary, Non-Material Plan Modifications Are Permitted.**

7 Section 1127(a) allows for plan modifications, and Bankruptcy Rule 3019(a) establishes  
 8 the procedural requirements for plan modifications pre-confirmation. See 11 U.S.C. § 1127(a);  
 9 Fed. R. Bankr. P. 3019(a). Plan modifications do not require a new disclosure statement and court  
 10 approval unless the modifications are material. See In re Simplot, No. 06-00002, 2007 WL  
 11 2479664, at \*11 (Bankr. D. Idaho Aug. 28, 2007) (citing In re Downtown Inv. Club III, 89 B.R.  
 12 59, 65 (B.A.P. 9th Cir. 1988)). The word “material” in this context has been described as “so  
 13 affect[ing] a creditor or interest holder who accepted the plan that such entity, if it knew of the  
 14 modification, would be likely to reconsider its acceptance.” See id. (quoting In re Am. Solar King  
 15 Corp., 90 B.R. 808, 824 (Bankr. W.D. Tex. 1988)). To the extent any plan modifications are  
 16 needed, they will not be material.

17 **IV.  
CONCLUSION**  
18

19 Based upon the foregoing, the Debtors respectfully requests that the Court confirm the Plan  
 20 and grant such other and further relief as is just and proper.

21 DATED this 10th day of August, 2020.

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